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FM AMEMBASSY ASHGABAT

TO RUEHC/SECSTATE WASHDC PRIORITY 3660

INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE

RUCNCIS/CIS COLLECTIVE

RUCNMEM/EU MEMBER STATES COLLECTIVE

RUEHAK/AMEMBASSY ANKARA 5817

RUEHBJ/AMEMBASSY BEIJING 3525

RUEHKO/AMEMBASSY TOKYO 3387

RUEHIT/AMCONSUL ISTANBUL 4059

RUEKJCS/Joint STAFF WASHDC

RUEAIIA/CIA WASHDC

RUCPDOC/DEPT OF COMMERCE WASHDC

RHEFDIA/DIA WASHDC

RHEBAAA/DEPT OF ENERGY WASHDC

RHEHNSC/NSC WASHDC

RUEATRS/DEPT OF TREASURY WASHDC

RUEKJCS/SECDEF WASHINGTON DC

RUCNDT/USMISSION USUN NEW YORK 1216

RUEHVEN/USMISSION USOSCE 4030

C O N F I D E N T I A L SECTION 01 OF 03 ASHGABAT 001381

SIPDIS

STATE FOR SCA/CEN; EEB

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E.O. 12958: DECL: 10/29/2019

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SUBJECT: TURKMEN GOVERNMENT ORGANIZES LAST MINUTE

U.S.-TURKMENISTAN BUSINESS COUNCIL MEETING

REF: ASHGABAT 1270

Classified By: Charge Sylvia Reed Curran for reasons 1.4 (b) and (d).

¶1. (C) SUMMARY. On the margins of Turkmenistan Independence Day celebrations, GOTX officials organized a last-minute meeting of the U.S.-Turkmenistan Business Council in Ashgabat. The meeting was a follow-up event to a dinner for Turkmen President Berdimuhamedov hosted by the Business Council in New York in September, when the President was attending the UN General Assembly. At the dinner in New York, Berdimuhamedov invited the Director of the Business Council to attend Independence Day ceremonies in Ashgabat after the Business Council Director reportedly made a positive impression on the President. Turkmen Ambassador to Washington Mered Orazov conducted the Ashgabat meeting in a room packed with GOTX officials, including current Turkmen Ambassadors who were in Ashgabat for Independence Day Events.

Representatives from a few U.S. companies were in attendance and four, senior U.S. company representatives provided remarks at the meeting. To date, the Turkmen government does not accept the U.S.-Turkmenistan Business Council as a private organization; instead, the GOTX considers the Council to be an intergovernmental agency. Constant efforts to wean the GOTX from giving preference to companies that are members of the Business Council have been unsuccessful so far. END SUMMARY.

U.S.-Turkmenistan Business Council Director in Ashgabat

¶2. (C) The Executive Director of the Washington-based U.S. Turkmenistan Business Council was in Ashgabat at the invitation of Turkmen President Berdimuhamedov to celebrate Turkmen Independence Day. The Director of the Business Council told the Charge on October 26 that he had to convince the Council's Board of Directors to fund the trip to Ashgabat. He reportedly stressed to the Board that turning down the President's invitation could have a negative impact on companies that are members of the Council. He added that

the Turkmen Ambassador to the United States Mered Orazov organized several high-level meetings with GOTX officials including a one-on-one with the President. The Council Director stated that he was careful to keep to friendly conversation with the President in lieu of bringing up particular concerns of member-companies, in order to build a relationship of trust with the country's ultimate decision maker. He added that he had heard from the Desk that "the President likes him." He hoped that his good relationship with the President would provide an opportunity for him to advocate on behalf of Business Council member-companies. (NOTE: In Turkmenistan, the Head of the Turkmen Chamber of Commerce is treated as a Minister, and the Director of the Head of the U.S.-Turkmenistan Business Council was also treated as a high-ranking U.S. official during his first trip to Ashgabat. END NOTE.)

Last-Minute U.S.-Turkmenistan Business Council Meeting

¶3. (C) On October 24, MFA's America's Director Serdar Bashimov mentioned to the Charge the idea of holding a U.S.-Turkmenistan "business forum" that President Berdimuhamedov might attend, sometime while the visiting U.S. business leaders were in town. Charge encouraged that all U.S. businesses present in Turkmenistan be invited, if the idea was approved. Bashimov queried whether the local offices were headed by Americans and stated that it would be better to invite only Westerners. Charge said that there should be no discrimination based on ethnicity; all American companies should be invited. On October 26, Bashimov then met with Economic Officer to go over a list of U.S.

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businesses operating in the country in order to identify possible invitees to the Business. Bashimov stated unequivocally that only U.S. companies that were members of the U.S.-Turkmenistan Business Council could be invited. He had not mentioned earlier that the event would be a meeting of the U.S.-Turkmenistan Business Council. In addition, he proceeded to scratch off names of U.S. companies that had non-Westerners rather than U.S. expats as managers, even if those companies were members of the Business Council. He did not scratch off the names of companies with Western managers, even if the company was not a member of the U.S.-Turkmenistan Business Council. Bashimov apologized, but added that "as a question of protocol," he had no choice but to exclude certain U.S. companies from the event.

¶4. (C) On October 28, Post received word that the President would not attend the event, but Foreign Minister Meredov and over 20 other ministers would be in attendance. Post was also told that the Embassy could invite all U.S. companies to attend the event, but after the meeting we were told that two companies (Coca Cola and Caddo, both headed by non-Westerners in Turkmenistan) were turned away at the door reportedly because they were not members of the U.S.-Turkmenistan Business Council. (NOTE: The representatives of two other companies, one headed by an American and the other by a German, although not members of the Business Council, were allowed to enter the conference hall. END NOTE.) The meeting was held in a large banquet hall at the President Hotel and it was packed with Turkmen government officials. We also noticed that many of the attendees were current Turkmen ambassadors who were in the capital for Independence Day or members of the World Association of Turkmen.

¶5. (C) Business Council Meeting organizers provided for senior representatives of U.S. companies Boeing, Chevron, John Deere, and Case New Holland to speak during the meeting (NOTE: all four of these companies belong to the U.S.-Turkmenistan Business Council. END NOTE.) All four U.S. company representatives kept their comments short and positive, while crediting the Turkmen President for his initiatives and willingness to work with their respective companies. Turkmen Minister of Economic and Development Bashimmyrat Hojamammedov then praised the Turkmen President

for instituting reforms which insulated Turkmenistan from the effects of the global economic crisis. Hojamammedov maintained that foreign direct investment in Turkmenistan is steadily increasing and that the GOTX's political and financial support for small to medium businesses, the Avaza Tourist Zone, and the President's rural development program (a program designed to create hundreds of schools, hospitals, clinics, cultural centers, and other social centers) have created a positive business climate that U.S. businesses have recognized and applauded.

¶ 6. (C) The Turkmen Head of the State Agency for the Management and Use of Hydrocarbon Resources Yagshygeldi Kakayev repeated the GOTX's policy of allowing foreign energy companies to develop onshore hydrocarbon resources via service contracts only. He encouraged U.S. companies to vie for offshore blocks in the Caspian, stressing that there are 32 attractive blocks available to foreign investors. After the meeting, Chevron representatives told us they were still "delicately" pursuing onshore contracts with the GOTX, despite the GOTX's current policy.

¶ 7. (C) Turkmen Minister of Agriculture Esenmyrat Orazgeldiyev hailed U.S. companies John Deere and Case New Holland for their agricultural equipment and training programs, noting that cotton harvesting has become more efficient and profitable due to U.S. equipment and technology. (NOTE: A

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video played during the Business Council meeting actually showed Turkmen President Berdimuhamedov riding a John Deere tractor. END NOTE.) The Agriculture Minister announced that a forum for agricultural producers from CIS countries would take place in Ashgabat on November 25-27, and he asserted that U.S. company participation would be a key component to the forum's success, while providing U.S. companies an additional venue for displaying their equipment and technology.

Turkmen Press Lauds Business Council Meeting

¶ 8. (C) Segments from the meeting also appeared on the national television station WATAN and a description of the meeting appeared in the government-produced newspaper "Neutral Turkmenistan." In the state newspaper, the U.S.-Turkmenistan Business Council meeting in Ashgabat was described as "another step in strengthening beneficial intergovernmental dialogue between the U.S. and Turkmenistan." Turkmen media reports also stated, "The American Business Council sent an elite delegation to Ashgabat, which included vice-presidents of the biggest American companies: Chevron, Boeing, Case New Holland, John Deere, and others."

¶ 9. (C) COMMENT. The unexpected and last-minute meeting of the U.S.-Turkmenistan Business Council in Ashgabat was hailed as an initiative of President Berdimuhamedov by GOTX officials. In reality, the President did not attend, and the event was the brainchild of MFA Americas Director Bashimov. It is clear that the GOTX considers the U.S.-Turkmenistan Business Council to be associated with the U.S. government. Although the event was a pleasant surprise for Business Council member-companies vying for the President's ear, the GOTX continues to treat U.S. companies which are not part of that organization with suspicion (reftel). The recent event showcased the GOTX's ability to pull together large, high-profile events at the last minute, if it is something the Turkmen believe the President wants. Although GOTX officials and some U.S. companies lauded the last-minute Business Council meeting, the GOTX does not show any signs of retreating from its policy of treating foreign commercial proposals as bilateral negotiations. END COMMENT.

CURRAN